EXHIBIT B

UNITED STATES DISTRICT COURT

DISTRICT OF PUERTO RICO

In Re:	)	Docket No. 3:17-BK-3283(LTS)
	)	
	)	PROMESA Title III
The Financial Oversight and Management Board for Puerto Rico,	)	(Jointly Administered)
as representative of	)	
The Commonwealth of Puerto Rico and the Puerto Rico Electric Power Authority,	)	April 22, 2020
Debtors,	)	

In Re:	)	Docket No. 3:17-BK-3566(LTS)
	)	
	)	PROMESA Title III
The Financial Oversight and Management Board for Puerto Rico,	)	(Jointly Administered)
as representative of	)	
Employees Retirement System of the Government of the Commonwealth of Puerto Rico,	)	
Debtor,	)	

OMNIBUS HEARING

BEFORE THE HONORABLE U.S. DISTRICT JUDGE LAURA TAYLOR SWAIN

UNITED STATES DISTRICT COURT JUDGE

AND THE HONORABLE U.S. MAGISTRATE JUDGE JUDITH GAIL DEIN

UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

ALL PARTIES APPEARING TELEPHONICALLY

For The Commonwealth of Puerto Rico, *et al.*:	Mr. Martin J. Bienenstock, PHV Mr. Brian S. Rosen, PHV
For the Official Committee of Unsecured Creditors:	Mr. Luc A. Despins, PHV Mr. Shlomo Maza, PHV
For the Puerto Rico Fiscal Agency and Financial Advisory Authority:	Mr. Peter Friedman, PHV Mr. Luis C. Marini Biaggi, Esq. Mr. John Rapisardi, PHV
For Assured Guaranty Corp. and Assured Guaranty Municipal Corp:	Mr. William J. Natbony, PHV Mr. Casey J. Servais, PHV
For Ambac Assurance Corporation:	Ms. Atara Miller, PHV
For the Lawful Constitutional Debt Coalition:	Mr. Susheel Kirpalani, PHV

APPEARANCES, Continued:

For the Official Committee of Retired Employees of the Commonwealth of Puerto Rico:	Mr. Robert Gordon, PHV
For AFSCME and AFT:	Mr. Kenneth Pasquale, PHV Ms. Sherry Millman, PHV
For Employee Creditors:	Ms. Ivonne Gonzalez Morales, Esq.
For the QTCB Noteholder Group:	Mr. Sabin Willett, PHV
For the Special Claims Committee and UBS Financial:	Mr. Paul Lockwood, PHV Mr. Roberto Quinones Rivera, Esq. Mr. Harold Vicente, Esq. Ms. Sunni P. Beville, PHV Ms. Chelsea E. Mullarney, PHV

Proceedings recorded by stenography. Transcript produced by CAT.

I N D E X

San Juan, Puerto Rico

April 22, 2020

At or about 9:29 AM

* * *

THE COURT: Buenos dias. This is Judge Swain speaking.

MS. GONZALEZ MORALES: Good morning.

THE COURT: Good morning.

Ms. Tacoronte, would you announce the case, please?

COURTROOM DEPUTY: Absolutely, Your Honor.

In Re: The Financial Oversight and Management Board for Puerto Rico, as representative of the Commonwealth of Puerto Rico, et al., debtors, PROMESA Title III, case No. 2017-BK-3283 is now in session.

THE COURT: Again, good morning.

I'm sorry. Did someone say something? Hello?

All right. And so buenos dias and good morning. Welcome counsel, parties in interest and members of the public and press. Today's Omnibus Hearing is occurring against the backdrop of circumstances that have no doubt been extremely challenging for everyone attending this telephonic hearing.

These are difficult times for the United States and for the world more generally, and our thoughts are with all of the people on the island and on the mainland who are affected directly and indirectly by the novel coronavirus pandemic.

And Puerto Rico continues to address challenges from the recent earthquakes, hurricanes, and the ongoing financial issues that bring us all together today. At the same time, despite these trying circumstances, or perhaps because of them, it is critical that, to the extent possible, progress continues to be made as much as possible in these cases for the benefit of Puerto Rico, the other Title III debtors, and their many stakeholders.

To ensure the orderly operation of today's telephonic hearing and a clear record of that hearing, all parties on the line must mute their phones when they are not speaking. No sound recording or retransmission of any aspect of the proceeding is permitted.

I will be calling on each speaker during these proceedings. When I do, please identify yourself by name for clarity of the record. After the speakers listed on the Agenda for each matter have spoken, I will provide an opportunity for other parties in interest to address briefly any issues raised during the course of the oral argument that require further remarks. If you wish to be heard under these circumstances, please state your name clearly at the appropriate time. I will call on the speakers if more than one person wishes to be heard.

Please don't interrupt each other or me during this hearing. If we interrupt each other, it is difficult to

create an accurate transcript of the proceedings. Having said that, I apologize in advance, because I will likely break this rule. I will interrupt if I have questions or if you go beyond your allotted time. However, if anyone has difficulty hearing me or another participant, please say something immediately.

The time allotments for each matter and the time allocations for each speaker are set forth in the Agenda that was filed by the Oversight Board on Monday, April 20th. That Agenda was filed as docket entry No. 12899 in case 17-3283, and it is available to the public at no cost on Prime Clerk for those interested.

I encourage each speaker to keep track of his or her own time. If there's anyone on a speaker phone or who hasn't muted, please mute, because there's some interference. I'm not sure where it's coming from. The Court will also be keeping track of the time and will alert each speaker when there are two minutes remaining with one buzz, and when time is up, with two buzzes. And here is an example of the buzz sound that you will hear.

(Sound played.)

THE COURT: If your allocation is two minutes or less, you will just hear the final two buzzers.

If we need to take a break, I'll direct everyone to disconnect and dial back in at a specified time. Again, I

remind everyone that consistent with court and judicial conference policies and the Orders that have been issued, no recording or retransmission of the hearing is permitted by any person, including but not limited to the parties, members of the public, or the press. Violations of this rule may be punished with sanctions.

Our timetable for today is, for morning session, from 9:30 to 12:00 noon, and then to recommence at one o'clock and go to five o'clock, if necessary.

Our first Agenda item is, as usual, status reports from the Oversight Board and AAFAF. As I requested in the Procedures Order, these reports have been made in writing, in advance of this telephonic hearing, and are available on the public docket.

Did someone just try to speak? Would you please mute -- please mute your phones.

All right. The status reports have been made in writing in advance of the hearing, and they're available on the public docket. I thank the Oversight Board and AAFAF for the care and detail reflected in the reports. I find them comprehensive, and I have no questions for counsel about them.

Do any counsel who are -- well, first of all, do the representatives of the Oversight Board wish to add anything to the report at this time?

Mr. Bienenstock, is there anything in addition?

MR. BIENENSTOCK: In addition?

THE COURT: Mr. Bienenstock, do you wish to say anything in addition?

MR. BIENENSTOCK: Nothing in addition.

THE COURT: Thank you.

Mr. Rapisardi or Mr. Friedman, did you wish to say anything in addition?

MR. RAPISARDI: No, Your Honor. We have nothing to add in addition to the comments by the Court.

THE COURT: And who is that speaking?

MR. RAPISARDI: I'm sorry. It's John Rapisardi. Good morning.

THE COURT: Good morning. Thank you.

Do any other counsel who are on the line have any questions or comments that they wish to make in connection with the status reports? State your name clearly now if you do, and then wait for me to call on you to speak.

(No response.)

THE COURT: All right. We will now move on to the next Agenda item, which is the UCC's motion under Rule 3013 to reclassify certain claims, Class 39A and Class 41, which was joined by a number of other parties.

Before I hear arguments from the parties, I'd like to make a few comments and give you a preview of what my current thoughts are regarding the most appropriate path forward with

respect to the Court's consideration of the motion and other related requests for relief, with the expectation that you might want to tailor your comments accordingly.

The Court understands from the UCC's Reply Brief that the UCC is willing to have its motion heard in conjunction with the disclosure statement litigation. The Court had signaled an inclination to coordinate this motion practice with the disclosure statement proceedings when this motion was discussed at the March Omni; and the Court is inclined to deny the motion without prejudice at this time and cue up the motion and other related applications in connection with the anticipated disclosure statement hearing.

The Court recognizes that there are a number of important and hotly disputed legal issues implicated by the motion, including the extent to which *Granada Wines* is controlling in this case. The Court also recognizes that both sides, generally speaking, there are two sides to this, have raised colorable arguments in support of their respective positions, and that, not withstanding the relatively narrow relief sought by the UCC, a resolution on the merits of even the motion itself will likely have meaningful implications for the rights of many other parties in interest in these Title III cases.

I also acknowledge the practical benefits associated with making a merits determination on the motion and other

related disputes concerning classification in the context of a concrete plan proposal, but before the vote solicitation process on the relevant plan commences, to the extent that that's possible. Hence, my inclination to proceed in the fashion that I have described.

And I look forward to hearing your reactions to these comments, as well as any other argument that you feel appropriate to offer at this time. And so now I will turn it over to begin with Mr. Despins and/or Mr. Maza, who have been allocated a total of 23 minutes.

MR. DESPINS: Good morning, Your Honor. Luc Despins with Paul Hastings. I hope you can hear me clearly.

THE COURT: Yes, I can. Good morning, Mr. Despins.

MR. DESPINS: Good morning.

Obviously I've prepared a long presentation that would cover 23 minutes, but your comments, you know, make a lot of that not necessary. So I'm doing this on the fly, because there are things that you raised at the end of your comment that I need to understand.

But first, as we said in our Response, we are okay with having this decided as part of the disclosure statement hearing, but not later than that. And, therefore, if Your Honor, you know, wants to -- obviously you control your docket. And we think it would be okay to go forward today, but if you -- if you feel more comfortable waiting for the

disclosure statement hearing, so that there's no possibility that things change between now and then, we understand. And that's why we said that in our Reply.

This being said, we have not heard anything from the Oversight Board that indicates that this issue is going to go away. But needless to say, you -- I mean, you've already indicated your intention to rule, and therefore, I don't want to spend -- waste a lot of the Court's time.

The part -- and I apologize for doing this, but the part that I'm not sure I understood is that, at the end, you said something about deciding this issue before the -- before the voting process or -- and I'm sorry if the -- if you're -- the Court was indicating that you might defer this issue till after this voting, then obviously we don't agree with that. We think it's critical that it be decided before then, because we're going to spend millions of dollars in that process. But again, I was -- I may not have heard Your Honor's comments clearly on that.

So other than that, Your Honor, I mean, I was ready to address the merits of the motion and all that, but I would say also, in terms of -- instead of denying the motion, why is it not adjourned to the disclosure statement hearing, so we don't have to refile it or anything of the sort? Because the briefing is fairly complete. Unless the Board is going to change the Plan in a way that affects this issue, we would

just say, you know, let's adjourn that to that hearing date rather than denying the motion at this time.

So these would be my opening comments, Your Honor.

THE COURT: All right. I thank you for your brevity, and I will respond to a couple of the issues that you raised.

When I said that I believe these issues are better entertained in connection with the disclosure statement, and I think I included a couple of hedging words like "it's possible," "to the maximum extent possible, determined in advance of voting," I was quite serious. I think that we need to go into the disclosure statement and solicitation of votes, assuming we get that far, with issues relating to proper classification decided and those determinations reflected appropriately in the solicitation materials.

There are arguments in the papers that have been filed about 1122 issues and 1129 issues, and some argumentation that some things may be premature even after the disclosure statement stage. Those are issues that I'll have to take up and hear and determine. I intend to do that in the first instance in connection with the disclosure statement hearing, but I can't say, not having heard everyone on the merits and not having sought to determine the merits, I can't promise you that I won't be persuaded that there's something that, either for factual or legal reasons, needs to be left open in some way, even going into the disclosure statement

hearing. So that was the reason for that bit of a hedge.

When I speak about deciding any issues without prejudice to renewal, I take into account the possibility that the Plan may be further amended as proposed, that may or may not make changes that are material to some or all of the issues that have been raised here.

There have also been a variety of issues put onto the basic structure of the motion initiated by the UCC. I think some unbundling of those issues may be appropriate when we come back to them, by reason of changes in the Plan, by reason of developments in the revenue bond litigation, and also, frankly, for clarity. And so my intended denial of the motion without prejudice is also intended to create an opportunity for updated and more discrete packaging of the issues of various constituencies in relation to the disclosure statement litigation.

So I hope that helps to clarify that.

MR. DESPINS: Yes, Your Honor. Thank you very much. It's very clear. Thank you.

THE COURT: Thank you.

And so I will now call on Ms. Miller for Ambac.

MS. MILLER: Good morning, Your Honor. Atara Miller for Milbank on behalf of Ambac. We, like the UCC, have no objection to Your Honor's proposed path forward. We think that, as the Court seems to be inclined to do, that it's

critical to decide the issue in connection with the disclosure statement and before voting.

With that, there are only two brief points that I'd like to make. And one is that we still think that it's critical that the Court consider and address, at the preliminary stage, the Oversight Board's argument that the Court simply doesn't have discretion to consider the classification arguments raised under Rule 3013 because of certain provisions under PROMESA. We think that if we're going to move forward with a 3013 classification dispute in connection with the disclosure statement, that there should be clear guidance from the Court regarding the scope of its authority. And I think that argument has been fully laid out in the papers.

The second thing, and I think this is mooted, although the Court didn't address it directly, so I'll just make the argument that the Board seems to be requesting, in its opposition papers, that the joinders of Ambac and Assured be stricken. That's obviously not procedurally proper, but it's also, in our view, without legal basis.

And so to the extent that it's going to be adjourned, our view is that all of the relief sought should be denied, and everybody can refile at the appropriate time. So unless Your Honor has any questions, that's all we have to add.

THE COURT: And so you're saying that a denial

without prejudice works for you on that procedural bundling issue?

MS. MILLER: Correct. Yeah. I think it would be mooted in a second phase when everybody refiles, because frankly, I think it's just a procedural issue. But -- so yes, it would be fine with us.

THE COURT: Thank you.

Now let's turn to Assured. Mr. Natbony.

MR. NATBONY: Thank you, Your Honor. Bill Natbony. I'll defer to Mr. Servais.

MR. SERVAIS: Thank you, Your Honor.

THE COURT: Hello, Mr. Servais.

MR. SERVAIS: Hello, Your Honor. This is Casey Servais from Cadwalader on behalf of Assured.

Our position is essentially aligned with Ambac's position. We do support deferring these issues until the disclosure statement hearing. Obviously, we support the relief requested in the Committee's motion, but we have additional classification issues that go beyond those that were the focus of the Committee's motion. And we believe it would be efficient if all of those different classification issues could be addressed at the same time in connection with the disclosure statement hearing.

So we are fully on board with Your Honor's procedural proposal this morning.

THE COURT: Thank you, Mr. Servais.

Mr. Natbony, did you want to add anything or is that it for Assured?

MR. NATBONY: That's it, Your Honor. Thank you for your time.

THE COURT: Thank you.

And Ms. Gonzalez Morales for the Employee Creditors.

MS. GONZALEZ MORALES: Yes, Your Honor. Good morning.

THE COURT: Good morning. Did you wish to make any remarks?

MS. GONZALEZ MORALES: At this time, no, Your Honor.

THE COURT: Okay. Thank you.

I'll turn then now to the Oversight Board. Mr. Bienenstock.

Mr. Bienenstock, are you there?

MR. BIENENSTOCK: Your Honor? Can you hear me, Your Honor?

THE COURT: I can hear you now, yes.

MR. BIENENSTOCK: Okay. Thank you.

A few things. First, on behalf of the Board, its advisors, Proskauer and myself, we wanted to wish the Court, its staff, all the people in Puerto Rico, all of the creditors and their advisors here today good health and hopefully a speedy return to when we can all be together.

In respect of today's argument and Your Honor's preliminary comments, I -- our response is a little more comprehensive than what you've heard so far for reasons I will explain. We clearly agree that the motion should not be determined today. And pushing it to the disclosure statement hearing, or thereabouts, is definitely something we can support, but in part. And I want to explain why.

As Your Honor knows, the UCC, as well as the partial joinders, have made a number of contentions in support of their request that the Court find the existing classification as unconfirmable under Section 1122. Some of the reasons, for instance, that they have each urged are gerrymandering. The Court will not know, at the disclosure statement stage, whether there's any legs behind gerrymandering, because the Court won't know if there are other unimpaired accepting classes that would make acceptance of the Retiree class irrelevant insofar as Bankruptcy Code Section 1129(a)(10) goes. You know, the provision requiring at least one impaired accepting class.

Second, no one knows, maybe the Court knows, but maybe not, how the Court will ultimately reason through and determine this issue. One of the many possibilities, which the Oversight Board believes would be the correct one, is that the Board will -- the Court will determine that separate classification of unsecured claims, as long as it's not for

the purpose of gerrymandering, is okay.

And it's especially okay if there's a -- what we say is a governmental justification, as opposed to in Chapter 11 cases, a business justification, because, as the Court knows, this Court and the First Circuit have both observed several times now that Title III cases are to make sure the territory survives and is sustainable, and it's not exactly the same as a Chapter 11 case, where maximization of profit or return has a primary place.

So if, in fact -- I mean, we will be urging, whenever this issue is heard, that there is ample governmental justification, and we would want to prove that, which is one of the primary reasons why our pleading explained that this should really be taken -- this is a confirmation objection. It should be taken up in connection with our confirmation when the Court will have access to all of the evidence.

Now, we're totally sympathetic and understand the notion that why go forward with the expense and time of voting if the Court's going to determine the classification is wrong, because that would be a waste. I would say, though, that if the Court looks at the Committee's proposed order on its 3013 motion, while in paragraph two of its proposed order it asks the Court to require the classification together of classes 39A and 41, in paragraph four of its proposed order, it says, "This is without prejudice to the Committee deciding that

there are other classification issues in the Plan that it can take up whenever."

And so this notion of doing something for the efficiency, both of the judicial efficiency and parties' efficiency, it's eventually diluted, if not totally lost, by the Committee's position.

We also urged in our pleading something very similar to what I just said, which is that there's no such thing, as we read 3013, as the Court taking two classes, when the Plan has around 40 or 41 or so classes, and saying these two should be together. Well, how can the Court know that without knowing what kinds of claims are in each of the other classes?

And so the point that we believe this leads to is that whenever this is taken up, whether it's at confirmation or at the disclosure statement stage, it needs to be comprehensive if it's going to have meaning. All of the classifications of all the 40 or so classes need to be on the table, understood, and -- so the Court can rule on classification once and for all, and not subject to being second-guessed later by other classification objections that the Committee's proposed order proposes to reserve to itself.

Now, shifting issues a bit, Your Honor, we -- you know, the Board has been accused by some of the movants and partial movants, that we want to do everything to put off the resolution on the merits, because, you know, we're worried

about it; but we think it's close to confirmation; we have a better chance of success or some such thing. I just want to say, as the Court would assume we would say, that is totally wrong from the Oversight Board's point of view.

And frankly, if not for some of the issues I just mentioned, that the Court needs to know if there are other accepting classes, the Court needs to know what governmental justifications are, we would love to have this issue decided, for some of the same reasons as everyone else wants it decided, so we don't go forward on a Plan that can't be confirmed because of classification. And we'd love to get this out of the way.

Now, on that point, I want to make the following observation that pulls together some of the arguments made by the Oversight Board, the Retiree Committee, and others supporting us, but pulls it together in a way that I think didn't happen in the briefing, simply because everyone's been making different arguments and thinking has evolved, et cetera, and that's this point, that is so obvious, we didn't say it as obviously as it is. In the Retiree class, putting aside how much we pay them to try to get them to the poverty level -- that's not relevant for the point I'm about to make, but in the retiree class, the treatment is to give each retiree payments monthly for the duration of their lives, and sometimes, depending on the law, or the contract, or the

statute, their spouse's life. And as the Court knows, under Bankruptcy Code Section 1123(a)(4), everyone in the class needs to have the same treatment, unless someone volunteers for a lesser treatment.

So here's the issue. If we take a commercial claim, whether it's Ambac's claim, a bondholders' claim, anyone's claim, and put it into the retiree class, the question is: For the duration of whose life should Ambac or a bondholder or anyone else get a series of payments?

Now, obviously that's crazy. Commercial claims aren't treated like that. So the notion that commercial claims need to be classified with pension claims is something that, Your Honor, I don't think -- to my knowledge, it has never happened in any Chapter 11 case. You can consult all the airline cases that have huge pension plans. It's never occurred in a Chapter 9 case.

No one would dream of treating a commercial claim the way we're treating a pension claim; and in the reverse, no one would dream of saying to the retirees, you're not going to get monthly payments for the rest of your life; we're going to give you a flat amount; and in the case of half of you, it will last the rest of your life or longer; and in the case of the other half of you, it won't. That can't ever happen. No one's ever tried that, and no one ever would.

And, you know, if -- I don't know if, given the

direction of this, the hearing on this matter, either the UCC or some of the other partial movants want to respond, but I'd love to hear anyone give the Court -- explain to the Court how the two commercial claims and retiree claims could ever be combined in the same class with the same treatment, and whether they've ever seen it before, including in the First Circuit. We haven't. We can't imagine that that could ever happen.

Now, on that basis alone, we frankly think the motion could and has to be denied, whether that's today or at the disclosure statement hearing, or at the confirmation hearing. But the other point that that analysis demonstrates, we believe, is that, as we said in our pleadings, although they couch it as a 3013 motion, it's really unfair discrimination.

And not only is that our conclusion, but the Court can look at some of the pleadings that the UCC and Ambac and Assured filed, and they're asked -- for instance, the UCC motion at paragraph 25 at page 11 says -- they ask that the Class 41 general unsecured claims receive the same percentage on their claims as the Oversight Board will pay the general unsecured claims in Class 39A.

They worded that as they want equal treatment, not that they should be in the same class, possibly because they realize what I explained earlier. You cannot put commercial claims in the same class as retiree pension claims. It just

doesn't work, and it makes no sense.

So I guess enough said. I've made the point. But I'm making it now because I just want the Court to know that at least from the Oversight Board's point of view, on that basis, this motion can and should be decided any time. If the Court is going to go into further classification and go through all the classes and ask for justifications, then whenever that happens, whether at the disclosure statement hearing or at confirmation, I want to -- I'll tell the Court now that, you know, we will be asking to be able to make a full record of the governmental justifications and all other reasons why we think the separate classifications are warranted and legal.

I obviously, as Mr. Despins had prepared, had a lot of other remarks prepared. We were -- I was going to rebut the way the movants and partial movants purported to distinguish the cases we cited. We think they were clearly wrong, but we know the Court reviews the cases. And given the direction of this hearing on this matter, I won't take the Court and everyone else's time.

But suffice it to say, we submit that they have misrepresented the cases that we've cited, showing that even in the District of Puerto Rico, the rule they say applies has not been applied; and, frankly, I think -- we think the First Circuit would be shocked if anyone ever told it that, based on

its observations in *Granada Wines*, that retiree claims have to be classified with commercial claims, you know.

In that case, that was a claim for withdrawing from a pension plan. It wasn't retirees in the plan --

THE COURT: Mr. Bienenstock.

MR. BIENENSTOCK: Yes.

THE COURT: Mr. Bienenstock, I'm interrupting you. I do thank you for streamlining your remarks, and your confidence that I have read the papers, and that we have been studying the cases, and the parties' arguments in relation to the cases is well-founded. I do intend not to engage the merits today, but instead, to visit them on more briefing focused on the plan disclosure statement proposal with which you intend to go forward when that schedule is reset.

I do thank you for the remarks that were substantive that you made insofar as I think that that may help with the focus of the reformulation of the parties' arguments for the presentation of the parties' arguments in connection with the disclosure statement hearing. You provided a bit more context of the Oversight Board's thinking that, as you say, was not quite as explicit or as patent in the written submissions.

MR. BIENENSTOCK: Thank you, Your Honor.

Unless the Court had other questions of me, I think those are all the remarks appropriate, again, given the direction of this hearing. So thank you.

THE COURT: Thank you, Mr. Bienenstock. And thank you for your good wishes for all, which are also ones that the Court extends, too.

Now let's turn to the Retirees Committee. Mr. Gordon.

MR. GORDON: Yes. Good morning, Your Honor. Robert Gordon of Jenner & Block on behalf of the Official Retirees Committee.

Your Honor, I --

THE COURT: Good morning.

MR. GORDON: Good morning.

Your Honor, I'll be brief. I wholly concur in the comments of Mr. Bienenstock. We do not have any objection to adjourning, if you will, these issues, at least until the disclosure statement hearing stage, with the caveat that I would like to be able -- we would like to be able to still argue at that point that it still is premature for all the reasons that Mr. Bienenstock pointed out.

I think that the problem in this particular case is it's virtually impossible to separate out the classification issues from the -- what I'll call the business justifications for separate classification. Mr. Bienenstock refers to them as governmental justifications. And those justifications require all sorts of evidence to be put on as to the thinking of the Oversight Board, as the Plan proponent, and that,

generally speaking, is not appropriate at the disclosure statement stage.

So the Court will be left in a situation where it is trying to determine in a vacuum whether separate classification is appropriate without knowing the business justifications, and that smacks to me of being advisory. The only basis I could see for a ruling on the narrow issue of whether retiree claims could be separate from all the others is the one that Mr. Bienenstock has very succinctly and eloquently laid out regarding the difference in payment.

So, Your Honor, with that, again, we would agree to an adjournment, reserving the right to argue that this -- all of this can only really be addressed in conjunction with the unfair discrimination issues as a practical matter at the confirmation stage. Thank you.

THE COURT: Thank you, Mr. Gordon.

And now Mr. Willett, for the QTCB Debtholder Group.

MR. WILLETT: Good morning, Your Honor. Sabin Willett of Morgan Lewis for the QTCB Group.

In light of Your Honor's --

THE COURT: Good morning.

MR. WILLETT: In light of Your Honor's colloquy with counsel, I really have only one observation to make. Exhibit A to the Assured Reply includes PROMESA's legislative history. At page 45, commenting on Section 201, the Committee notes

provide that retiree claims are not to be unduly favored.

It's worth chewing on that. They can be favored, just not unduly favored. And if they can be favored, not only can they be separately classified, it seems they have to be, and not simply for the important reasons that Mr. Bienenstock laid out. What would be in need in Puerto Rico -- I would expect you would need evidence, economists, labor experts, the retirees themselves. In other words, a confirmation rather than a disclosure statement issue.

Your Honor, when Senate hearings dragged on, Harry Reid used to comment that while everything necessary had been said, not everyone had yet had a chance to say it. In lieu of the Court's comments, if I were to carry on, I'd soon earn that description, so I'll stop here unless Your Honor has questions.

THE COURT: Thank you, Mr. Willett.

Now, for AFSCME and AFT, Mr. Pasquale or Ms. Millman. I have you down for two minutes, but everybody's been brief.

MR. PASQUALE: Yes, Your Honor. This is Ken Pasquale from Stroock & Stroock & Lavan for AFT and its local at MPR, and AFSCME and its local, SPU.

Your Honor, in light of your comments, we will not burden the record and just reserve for when this is taken up by the Court. Thank you.

THE COURT: Thank you.

And so I turn to Mr. Kirpalani for the LCDC.

MR. KIRPALANI: Hey. Good morning, Your Honor. It's Susheel Kirpalani from Quinn Emmanuel representing the Lawful Constitutional Debt Coalition.

You know, thank you, Martin, for your comments about how important it is in this time for us to focus on positives and hopefully one day getting back together. And thank you, Judge, and to your staff, for accommodating such an enormous number of parties in such an efficient way.

I also will -- I guess I'll hold my comments on the merits to when this motion is cued up again. I will say that I am surprised that Your Honor thinks that the disclosure statement might be the right time to consider classification. It certainly is not a requirement to do that. And in a case like this, which is much more complicated than any of the cases cited by the joinder parties for when classification should be considered outside of a confirmation, it really does seem to me that the mediator's recommendations to consider classification as one of the many confirmation requirements seems the better course.

It isn't as though the Committee or the monoline groups are saying that if the Oversight Board and the Plan proponents prevail on classification, then they have no objection. So they really just want more bites at the apple, and that is, you know, frankly, not good cause to have these

confirmation-related litigation issues heard prior to confirmation, which is what the Court previously Ordered.

Good cause is not simply, I believe I'm right. Good cause has to be that it actually serves some purpose. And it can't be the purpose that, well, if I were to win because my arguments are so good, then we can go back to the drawing board. Frankly, as the out-of-the-money stakeholders, the Unsecured Creditors, you know, really are trying to tell the Oversight Board and the senior most creditors, which are our clients, how to spend their money. And whether or not this would be better done prior to embarking on a confirmation plan -- respectfully, it is our risk, and if the Committee is right, that classification was wrong, it was our money that will have been spent in vain.

And we're willing to take that risk, because we believe that the classification team is proper and we believe we will prevail at confirmation. And resolving this piece meal is not going to expedite the case. Obviously we'll reserve more argument for when we get there, but I just wanted to give you those comments, Your Honor.

THE COURT: Thank you for the preview. Thank you, Mr. Kirpalani.

So now it is time for any remarks in response or rebuttal, and I'll turn again to the UCC.

MR. DESPINS: Yes, Your Honor. I'm not going to

engage Mr. Bienenstock on his points. We've thought about all these issues, and we have appropriate responses. I would just point out that 1122 is not solely based on gerrymandering. And in any event, their argument is that there's no gerrymandering because the bondholder class will accept the Plan.

And, of course, you know, there's an issue -- that's why we have this paragraph in our Order that says we reserve our rights to argue that there's also other improper classification. And of course that goes to the issue of the bondholders, because we believe that bondholders are just mere unsecured creditors just like us. And that's why I welcome Mr. Bienenstock's promise to have a full-blown classification hearing, because that's the only way to do it.

And when I hear that we're spending their money, that's really -- you know, it really -- the people of Puerto Rico should not be put through a whole voting solicitation process for something that may be dead on arrival. And that's why this issue should be decided before there's a solicitation process. It's not dependent on the results of that process, and the legal issues are not dependent on that.

And that leads me to my final comment, Your Honor, in the representation, which is it makes sense. I heard Your Honor that if there's movement on the Plan -- that we should wait to see if there is such movement, but this issue should

be teed up, I would say, a few weeks or maybe a month before the disclosure statement hearing, because it's going to be a beast to deal with, aside from all the other disclosure statement hearing issues.

So we don't know when that is, or we don't know the future. We don't know when the Board will say, we're going forward with this plan, or we're going forward with a different plan. But in any event, it just would make a lot of sense to have this issue not be premature, but certainly in conjunction, or at the same time as the disclosure statement hearing. But we believe these should be two separate hearings, because again, why go through the whole disclosure statement brain damage if this issue doesn't go the way the Oversight Board wants it to go.

So that would be our last recommendation. You don't need to decide that issue now, but we would urge the Court, in scheduling this, to consider having this before the disclosure statement hearing, not by months, but by a certain amount of time, so that the parties don't have to spend a lot of time on the disclosure statement when the disclosure statement hearing may not go forward.

So that would be our suggestion, Your Honor. Thank you.

THE COURT: Thank you.

Ms. Miller, anything further for Ambac?

MS. MILLER: Your Honor, in light of your comments, we're not going to respond. The only thing I would like to do is correct what I think may have been a misimpression created by counsel for the QTCB holders when citing to the Committee notes on page 45, which was reference to Section 201. And the discussion there of the Plan, and the treatment of retirees under the Plan, was under the Fiscal Plan and was not at all talking about plans of adjustment or classification thereunder.

So with that, we have nothing further to add.

THE COURT: Thank you.

And anything further for Assured?

MR. SERVAIS: This is Casey Servais from Cadwalader.

Just briefly on the timing points, we do want to raise the concern that a primary reason that the objectors may be attempting to push these issues to the confirmation hearing is because they would like to be in a position to argue that confirmation of a plan has mooted our classification challenges. And that obviously would be prejudicial to the movants, who should be able to appeal this issue prior to confirmation of the Plan, and that would be facilitated by hearing the classification issues earlier, either at the disclosure statement hearing or even slightly prior thereto as proposed by Mr. Despins.

With respect to specifically Mr. Bienenstock's

argument that gerrymandering cannot be decided until the confirmation hearing, we cited numerous precedents to the contrary in our Reply Brief. And what's important to understand here is that with respect to gerrymandering, the burden is actually on the Plan proponents to establish a legitimate nongerrymandering purpose for each classification decision in the Plan, not just with respect to a single class like Class 39A.

We've obviously suggested that there are other classifications on which they're hoping to rely for an impaired accepting class, such as specifically the classification of the GO bonds, that those other classifications are also invalid, so they can't rely on those other invalid classifications to defeat our gerrymandering challenge. They need to, as a matter of law, establish a legitimate, nongerrymandering purpose for each classification in the Plan. And that should all be done in a comprehensive manner.

With respect to the idea that there is a business justification for a separate classification, we defeated that as well in our Reply. If you look at footnote six, as a matter of law, business justification is not a valid basis for separate classification in the First Circuit.

So that's not something that's going to be a complex, factual issue at confirmation, as Mr. Gordon suggested. That

is not a valid basis, as a matter of law, and can easily be decided at the disclosure statement stage, or even before, as Mr. Despins suggested.

So I just wanted to -- and one further point. Mr. Bienenstock also again suggested that treatment, the separate treatment proposed for the retiree claims was a basis for separate classification. That's also thoroughly refuted in our Reply where we show that treatment is not, in fact -- proposed treatment is not a basis for separate classification.

So I just wanted to not let those substantive points go past and provide a response to them; but I do agree that they should be addressed more fully in a comprehensive manner with all of the related classification issues, either at the disclosure statement hearing or slightly before.

Thank you.

THE COURT: Thank you.

Did anyone else wish to be heard on these matters or heard again? If so, state your name clearly again.

MS. GONZALEZ MORALES: Yes, Your Honor. My name is Ivonne Gonzalez. I represent a group of creditors called Wage Claims Accrued During the Course of Employment.

THE COURT: Yes, Ms. Gonzalez.

MS. GONZALEZ MORALES: Can I address the Court? Yes. What we have to say here --

THE COURT: Yes, you may.

MS. GONZALEZ MORALES: Uh-huh -- is that we seek the Honorable Court to Order the cert to be classified together, claims arising under the ordinary course of employment matters, included arbitrarily in Class 41, with Class 40 claims.

And specifically, the group I represent asserts that evaluation rests in that the amended plan, with a reasonable basis, provides wage claims priority treatment and full satisfaction and recovery for Class 40, an amount resulting from the disposition of prepetition action brought pursuant to the grievances and arbitration procedures, and by the other hand, includes in Class 41, the wage claims presented by the group of creditors, and thus treating their claims as if they were equivalent to general unsecured claims with limited recovery.

We sustain that the objected classification unfairly discriminates against the dissenting group of creditors due to the fact that the nature of the claims held in both groups of employees are of equal rank since emerged from contractual obligations created by a statutory framework that regulates the public employment.

In view of the above, the amended plan also realized the equal implementation of the law as to the employees. For that reason, we pray to this Honorable Court to order debtors to classify together the claims arising under the ordinary

course of employment matters included in the Class 41 with Class 40 claims.

We thank the Honorable Court for the opportunity to address this issue today.

THE COURT: Thank you, Ms. Gonzalez.

And so I have listened carefully to -- yes. Who else would like to speak?

MR. BIENENSTOCK: This is Martin Bienenstock of Proskauer Rose, LLP, for the Oversight Board. I just wanted to make one additional, or two additional very brief comments, if that's okay.

THE COURT: Yes, Mr. Bienenstock.

MR. BIENENSTOCK: Thank you.

I alerted the Court earlier to at least the need that we perceive to be able to prove governmental justification, lack of gerrymandering intent, et cetera, at whatever hearing we have on classification. I didn't mention another set of evidence that would be necessary, and I raise it now simply for the Court's ability to plan time. Although some of the movants and partial movants have accused us, the Oversight Board, of gerrymandering all of the different bondholder classes, in fact, those separate classifications represent settlements of different challenges to each of those issues of bonds.

The Court and everyone here knows that the Board's

Special Claims Committee has filed actions challenging the validity of many different series of the GO bonds, and in very large part, the separate classification of bondholders into different classes reflects different settlements of the challenges to those bonds, as well as to their asserted priority. That overlaps all of them, and I raise this just to alert the Court that if we're going to have a claim -- a separate hearing on classification to justify all those separate classes, we would obviously need to show that -- what's being settled, and that the settlements can be approved. That's not a short hearing, but it's integral to why the classification is the way it is.

And finally, I won't take the time to respond to Assured's argument that treatment doesn't matter. I'll simply say that all of that argument assumes that *Granada Wines*' observations about classification was a holding and it's binding in this situation. We think that is the furthest thing from the truth, but that obviously is going to be for another day.

But thank you for the additional time, Your Honor.

THE COURT: Thank you.

Did anyone else wish to speak?

(No response.)

THE COURT: All right. Then I will continue here. I do appreciate very much all of these remarks and all of the

submissions. I remain persuaded that taking these issues up again in conjunction and in coordination with a schedule that is leading into a determination on the disclosure statement and that is part of a continuum toward confirmation is appropriate, and more appropriate than taking them up now.

I have heard the remarks and concerns today about the potential for determinations on these issues that have been characterized and cued up for the most part as classification issues, being potentially a lengthy and complicated trial turning on factual determinations as to the justification for various classifications.

My intention is to take up, at the disclosure statement stage, the classification arguments, or the arguments that have been made here that -- I will use the word structural arguments that, as a matter of law, this can't be done, no matter how good, sincere, and economically rational the justification offered for a particular classification is. And in its most blunt form, it's the argument that *Granada Wines* would require -- would permit only two or three classes here, and it would all be driven by the source of the payment and whether there's security.

If that argument is correct, the proponents of that argument say you can't separate -- well, the original proponents of that argument, the UCC, and the retire -- and the joining parties say you can't classify together unsecured

creditors and retirees who -- I'm sorry. You can't classify separately unsecured creditors and retirees who are being treated separately. You simply cannot do that in the First Circuit, and therefore, there's no point in soliciting votes on a plan that would propose to do that.

I wish to focus on issues of law like that, and have -- if that argument is not one that the Court finds persuasive, my expectation is to -- so if I don't find persuasive that there is no room in this particular landscape for a structure such as the one that is proposed here, I would anticipate leaving for confirmation the question of whether, if the structure is -- is feasible as a matter of law, is acceptable as a matter of law, assuming that the factual case is made for each of these different classes and buckets, those factual determinations would be part of the confirmation process as opposed to the disclosure statement process.

So I am denying without prejudice the motion, as joined, here on the record. It is without prejudice to raising these issues in a manner consistent with the litigation schedule that will be reestablished for contested matters in connection with the hearing regarding the adequacy of the disclosure statement for the currently proposed Amended Plan or a further amended Plan.

The UCC may reassert any or all of the arguments made in its motion, as well as any further arguments, if they're

germane to those arguments. And to the extent any additional parties in interest have classification related arguments, arguments related to the confirmability of the relevant plan that are, again, structural ones, or other pertinent arguments, including arguments as to whether the issues raised by the UCC should be evaluated in the context of Section 1129, rather than under 1122, those should be raised in appropriate papers directed to the proposed disclosure statement at that time.

Any different constituencies who have concerns with respect to particular elements of the classification should target their own structure and address their issues in their own separate pleadings.

What I would ask is that when the Oversight Board proposes to restart the schedule, proposes to have the Court set a schedule, that the parties meet and confer and focus not only on the overall schedule, but on whether it is necessary or appropriate to have a process that focuses separately on these classification issues in advance of, or otherwise separately from, the general disclosure statement hearing.

Again, my expectation and my goal is to deal with these issues at the disclosure statement hearing on a legal rather than factual basis, so that if I were to determine that, under the law of the First Circuit, it is possible in certain circumstances for a multi-class structure that deals

differently with different unsecured claims to be confirmed, then I would be looking into the question of whether the disclosure of the aspects of the Plan is adequate and meets the other requirements at the disclosure statement stage. And I would leave -- expect to leave factual attacks on the fairness of the classifications or other propriety issues as to the classifications for confirmation.

And so keep that in mind when you meet and confer and develop the proposals that I'm sure we'll then discuss at a hearing, and we'll work out the precise schedule from there.

Are there any further comments or questions regarding the 3013 motion?

(No response.)

THE COURT: Okay. Thank you.

So we will go on to the next Agenda item, which is the renewed motion for relief from the automatic stay by UBS, and that is docket entry No. 12561 in case 17-3283. And we will start with counsel for UBS Financial.

I have 15 minutes allocated for Messrs. Lockwood and/or Quinones Rivera.

MR. LOCKWOOD: Good morning, Your Honor. This is Paul Lockwood from Skadden Arps for UBS Financial Services of Puerto Rico. And I will be primarily making the argument, Your Honor.

THE COURT: Good morning, Mr. Lockwood.

MR. LOCKWOOD: Good morning. You can hear me, I take it.

THE COURT: Yes, I can.

MR. LOCKWOOD: I'll primarily be making the argument, and Mr. Quinones can, if necessary, address any issues of Puerto Rico procedure or Puerto Rico law that may come up, although the argument is going to be focused on federal law, so I don't think that will be necessary. But we're ready to address it as needed.

Your Honor, this is a renewed motion. So, you know, we were before Your Honor in December, so you may have some recollection, but I think it may be helpful --

THE COURT: Yes.

MR. LOCKWOOD: -- to just sketch out the background of what the case in the Commonwealth court is about.

So that lawsuit was filed in 2011 by two beneficiaries of the ERS, the Employee Retirement System, and they were suing derivatively on behalf of the retirement system. And the claims against UBS Financial, the party I'm representing here in this motion, concerned underwriting contracts, underwriting agreements between UBS Financial, who served as the lead underwriter on three bond offerings for the ERS in 2008.

And the case is almost nine years old, but it's actually not nearly as far along as you would think, because

the first five years of litigation really turned on whether those beneficiaries had standing to sue for breach of contract on behalf of the ERS when they weren't parties to the contract and they were acting derivatively.

So we won on that in the trial court. It got appealed. On appeal -- and then after five years, the Puerto Rico courts settled that and determined that those retirees did have standing to sue derivatively on behalf of the ERS. And almost no sooner than they had decided that, the issue became moot, because the ERS then directly intervened in the case and took over as the primary plaintiff.

They amended their complaint. There was another two years of litigation over those pleadings. And now that gets us to the spring of 2019. And at that point, they amend their complaint for the fifth time. And we were answering the Fourth Amended Complaint, and we decided in response to the Fourth Amended Complaint, we are going to bring a counterclaim based on the same contracts that they were suing us on. The counterclaim arises out of the same contracts that their claims arise out of.

And we couldn't do that because of the automatic stay in place from the PROMESA proceedings, so what we did is we, in April, a year ago, started the process to lift the stay and have discussions with the Oversight Board and AAFAF. And those went very slowly. And we tried to be cooperative and

proactive, but it finally got to October, and we were getting nowhere, so we filed a motion to lift the stay.

And candidly, Your Honor, we didn't think this was a tough ask, because, as we've noted in our briefs, there's many, many cases that say that if you're pursuing a case, you have to allow a counterclaim arising out of the same facts, you are essentially a defensive counterclaim, and to move forward at the same time. But they opposed it.

And then we had further discussions. And when we got to Your Honor in December, what was happening then is there was negotiations going on about whether the entire case was going to be saved or not. All right. Because that would, to our minds, have been a fair result. If you're concerned about this case, shut the entire case down. Don't shut down our piece of it and go forward with your piece.

So we agreed to a compromise in December that essentially would allow the parties to continue to negotiate that point, but we get our claim on file so that the arguments they were making that these were untimely, that risk would go away for us. Those negotiations didn't bear fruit. We got to February and the Oversight Board told us at that point they were supporting the ERS going forward with its case in the Commonwealth court. They didn't want to stay the entire case.

So we said, then you've got to lift the stay, because if you're going to prosecute your side of the case, we get to

prosecute our side of the case. And they continue to oppose that request.

And, Your Honor, to put that request in context, essentially what they're saying is that the Commonwealth Court can look at their piece of the contract that they like, but is barred from looking at the other clauses of the contract that support our position. And the difficulty in the way that they're parsing it isn't just that the counterclaim is stopped. But as an example, Your Honor, the same allegations and theory support our ninth affirmative defense in the case, which is that you have breeched the contract and, therefore, that excuses our obligations to comply and to provide performance under the contract and, therefore, you have no damages.

Then the counterclaim takes that further and says, you don't just have no damages, we have a right to receive damages from you. But that is -- in essence, the issue here is how could one piece of the case go forward and not the whole case.

Now, Your Honor, we have cited many cases that support lifting the stay to pursue a counterclaim in this context. I'm just going to quote one of those cases for Your Honor, which is the *In Re: Overmyer* case from the Southern District of New York Bankruptcy Court from 1983. And I just note, this is not new law. It's well-settled law. There's a

long line of continuous cases for decades.

In *Overmyer*, the Court said, where a debtor seeks affirmative relief as a plaintiff in a lawsuit, and then invokes the protection of the automatic stay on a counterclaim, the situation warrants very careful scrutiny. In such instance, a Court must be cautious to avoid a decision which would convert Code Section 362 from a shield into a weapon. A debtor should not be permitted to reap the benefits of litigation in one court, but circumvent the burdens in another forum.

And the concern we have here is that the Oversight Board and the ERS have, working together, sharpened the Lift Stay into a weapon and are using it against us. And it creates a very unfair situation. And essentially, their only defense to that is, well, our motion is premature, and Your Honor should wait until the Commonwealth Court rules on their Motion to Strike.

We filed our claim. They moved to strike it. The Court -- I'm feeling the Court is going to rule on that, because of the situation that we are all in right now. But I do want to note one thing on that. Their papers suggest that we timed this motion somehow unfairly to take advantage of the COVID-19 crisis. And I would note, Your Honor, that we did not ask for the stay to be lifted in April of 2020. We asked for the stay to be lifted in April of 2019, and it's been

continuously now -- for a year, sought to have the stay lifted. And their use of the stay to block us and to thwart us has prejudiced us. We've lost a year being able to pursue that claim.

Now, as it turns out, Your Honor, there have been no depositions taken in the case in the Commonwealth court. The Court directed the parties to work out a schedule for depositions in February. Events have subsumed that. And I'm not sure when the depositions will start, but we are all hopeful that it will be soon.

And think about what's going to happen when those depositions start. If the stay is in place, counsel for the ERS in that case, Mr. Vicente, he's going to complain question by question as to whether a particular question about the contract at issue goes to the counterclaim or goes to the affirmative case, is it part of the case that's stayed or not. And we risk violating the automatic stay as we pursue ordinary discovery in that case, and would have to come back to Your Honor to referee that very gray line as to where -- what piece of the case is stayed and what piece of the case is not stayed.

Your Honor, to proceed in this fashion is completely inconsistent with due process. It's designed to create an unfair result. It's basically tying our hands up while allowing them to pursue their case. And they can't cite any

authority in which a Court has stayed claims pertaining to certain clauses of the contract and allowed the prosecution of claims with respect to other provisions of a contract. It's an extraordinarily unfair way to proceed.

I'd also note, Your Honor, that the suggestion that we had brought this claim to affect or influence Judge De Leon in her decision on our counterclaim, it is contrary to the party's position. Our position in this Court is to let the Commonwealth Court decide that case. In the discretion of the Commonwealth Court -- hello. Discovery in that case, whatever the counterclaims are in and out of that case, whatever the scope of that case is, those issues should be presented to the Commonwealth Court.

Now, the objectors here have said, well, the issue of the validity of the bonds is not part of that case, and they have quoted for Your Honor from a hearing in that case. That was a discovery conference. The initial discovery conference in the case. Why had the issue of contracts -- the issue had not been presented to the Judge. And she did make an offhand remark saying that, that issue isn't before me. We hadn't briefed that issue or presented it to her in any way.

But ultimately, the question of the scope of that case should be for the judge in that case. The question of the issues in that case, the timing of that case, whether the counterclaim's in or out of the case, whether there's a

summary judgment motion that gets heard and when and how should be before that Court.

And, Your Honor, I ask you to keep in mind, as the objectors present their reasons for the stay, to consider whether each of those reasons should actually be presented to Judge De Leon and not to Your Honor, because ultimately here the decision was made by the Oversight Board and the Special Claims counsel to keep that case going, to move forward in the Commonwealth court. And they have to accept both the benefits and the burdens of that, and they can't have their case go forward and our case stayed.

As I said, Your Honor, I wouldn't even know how you could draw those lines given the interrelation of the claims and the fact that all we're asking is that the Court in that case be able to hear the entire transaction, the entire story, the entire contract, when considering the other contract in that case.

THE COURT: Mr. Lockwood, let me ask you this. As I understood it from the papers, and I think this is consistent with the presentation that you've made here, there is a motion pending now by ERS to strike your counterclaims. Have you filed an opposition to that motion?

MR. LOCKWOOD: Yes, Your Honor. That then -- that we are awaiting decision on that motion from the Commonwealth Court.

THE COURT: Okay. And is there anything by way of asserting opposition to that motion that you believe you are precluded from doing by the Stay Order that is in place from this Court at this point?

MR. LOCKWOOD: Your Honor, I actually think the entire motion is inconsistent with the Stay Order, because the Stay Order provided for the presentation of our claim, and then for the stay to go back in place. We haven't pushed that point because our view is the whole case should go forward.

And, Your Honor, to --

THE COURT: So the Stay Order -- Mr. Lockwood, I must interrupt you.

So the Stay Order speaks in terms of reimposing or the continuation as a matter of law of the automatic stay. The statutory automatic stay doesn't preclude the debtor from doing things, does it?

MR. LOCKWOOD: Your Honor, well, it's not just the debtor who has opposed the motion. It's also the individual plaintiffs in that case. But in any event --

THE COURT: Are they asserting claims against the debtor?

Again, I'm sorry. When we have a collision, I always win in this forum.

So those individual plaintiffs are not, by seeking to strike the counterclaims, asserting claims against the debtor

or the debtor's property, are they?

MR. LOCKWOOD: They are not, Your Honor. But my understanding of the Order, and just looking at it here, was that further prosecution of the case would be stayed after the presentation. But in any event, Your Honor, if I'm wrong about that, it doesn't matter from my perspective, because we're not looking to shut the case down.

And what we're doing is -- this incremental approach to the stay, which they cite no authority for, creates a lot of problems for us, just practical problems. So the first problem was why the stay was in place, all right? As I said, depositions are going to go forward. When the Court rules on our motion, we won't know. Sometimes motions in the courts in Puerto Rico take months and months and months.

Now, if we're taking depositions while the stay is hanging over us, we don't have priority as to the questions -- even if we lose the motion, the motion is struck, then we would appeal. Our right to appeal has got to come back to this Court in order to pursue that. And if the stay is lifted just for the appeal, then we still have the overhang, or the discovery of what's stayed and what's not stayed. That never goes away. So --

THE COURT: So that is -- Mr. Lockwood, that is what was going to be my next question, which is about the state of discovery. So I gather that right now, under the emergency

orders, the court's operations, the Commonwealth court's operations are shut down or suspended. And you've mentioned at the beginning of your remarks that the Commonwealth Court had instructed the parties to negotiate a discovery schedule.

Is it your representation and understanding that discovery is allowed by the Commonwealth court to go forward even when it is shut down and not withstanding the pendency of the Motion to Strike?

MR. LOCKWOOD: Well, let me break that into two parts, Your Honor.

THE COURT: Yes.

MR. LOCKWOOD: Because the first part deals with the emerging crisis, and Mr. Quinones can correct me if I'm wrong on this, but I think, as a practical matter, we're all assuming that the depositions aren't going to be able to start in the next couple of weeks, that we're going to have to sort through matters. So we're from -- our view is we want to get a running start as soon as we're able to get started, but we're not talking about taking depositions in April. That's just not feasible.

In terms of the latter piece of your question, there's no need for the depositions to wait until the Court rules on the counterclaim. The ruling on the counterclaim, as I said, could take months. Like I also said, I don't think there's -- the counterclaims really change the scope of the

case, because it's part of our defense. And it's not just an affirmative defense, but it's part of the overall story of the transaction and the agreement.

And we're not going to be restrained, in our view, to talk about particular clauses of the contract and not talk about other clauses in the contract. Contracts are interpreted as a whole, and we would want to explore all of these issues with respect to the matter. And that's where the stay is constantly a barrier.

And we've been at this for a year, and I don't understand what ERS gains from keeping the same place, other than to unfairly prejudice our presentation of the case, because otherwise, kicking the can down the road doesn't serve their interest either, unless their interests are to tie us up.

And the last thing I'd say, Your Honor, is from what I heard this morning, there's going to be plenty of things for this Court to address in the future. This issue has been briefed. It's been briefed twice. We don't want to brief it a third time. We think it's ripe and ready for a decision.

Thank you, Your Honor.

THE COURT: Thank you.

And now Mr. Vicente for the Retiree plaintiffs.

MR. VICENTE: Yes. Good morning, Your Honor. This is Harold Vicente.

THE COURT: Good morning.

MR. VICENTE: I'm glad to hear that you are here.

First things first, Your Honor, I would like to join my -- the colleagues that spoke before I did this morning in wishing you and your staff and everyone involved in this litigation and their loved ones, a safe and healthy, you know, condition and keeping away from this terrible thing that is attacking us.

And I also would like to express my sincere appreciation on behalf of myself and everyone here living in Puerto Rico for all the efforts that you and your staff are doing for the benefit of this island that is going through -- has gone through so much turmoil in the last two or three years, including this most recent one, which has really knocked us out.

Having said all of that, Your Honor, let me address several things. First of all, Mr. Lockwood is wrong in his presentation with respect to the nature and extent of the litigation before the Commonwealth Court. This is not a derivative suit by any means. That has been determined both by the Court of Appeals and the Supreme Court affirmed the Court of Appeals in the sense that it denied a cert petition, which declared that indeed the retirees, which I represent, have standing, personal standing to pursue this claim.

In addition to that, the law that creates the

Retirement System of Puerto Rico expressly states -- was amended to expressly state that the retirees have standing to file suit directly against the tortfeasors that caused the damages to the retirement system as a result of the issuance of the bonds of 2008. So this is not a case of a derivative case at all.

In addition to that, Mr. Lockwood is totally wrong when he asserts to this Court, as he has today and in his filings, that this case involves a claim under the underwriting contract. That is not correct. Mr. Lockwood knows that, and we have briefed that abundantly in the past. This is essentially a malpractice case, a tort action based on the Security -- Uniform Securities Act of Puerto Rico, which clearly provides that underwritings, and anyone acting as an underwriter or an advisor in the securities field, has a fiduciary duty, the highest -- bound to act within the highest degree of fiduciary duty towards its customers and clients.

This case has nothing to do with the actual issuance of the bonds or the validity of the bonds. This has to do with the advice that in breaching, the bending of FTSE's obligation that UBS has with respect to the retirement system, and prior, and I underscore prior to the issuance of the bonds, they induced the retirement system to enter into an issuance of the bonds in 2008 that several entities have declared to have been a total error and should not -- never

have been recommended to the retirement system to go into this grossly negligent effort in generating these bonds.

So the contracts came later. And UBS' attempt to induce both this Court and the local court into error should not be tolerated. We have stated, you know, in no uncertain terms that the underwriting has nothing to do with it. And the Court knows this quite well, the trial Court.

Now, let me say the following, Your Honor. Why are we here again before you? You will recall that in December, the December Omnibus Hearing, UBS requested a partial lift of the stay in order to file this counterclaim. And you correctly, and very wisely, advised UBS that the PROMESA Court did not have, and would not in any -- under any circumstance interfere with the authority of the Commonwealth Court to allow or not allow the filing of the counterclaim.

I distinctly recall that we had this analysis that you analyzed, and you corrected me by saying I'm only going to allow the presentation, quote, unquote, of the Complaint. Whether it is going to be accepted and filed is a determination solely within the discretion of the Commonwealth Court. Well, that happened. UBS went and filed, for example, its counterclaim to the trial Court. We opposed. And then this terrible lockdown occurred.

The Court has not ruled whether it is going to accept the filing of the counterclaim. And this is important,

because if the Court denies the filing of the counterclaim, all of this argument having to do with the validity and interpretation of the underwriting contract is going to be outside the scope of the issues before the Court.

And so again, why are we here? Why is UBS coming back to you in the midst of this pandemic, and in the midst of this lockdown, knowing full well that the Court has not decided whether it's going to allow UBS to litigate its counterclaims in the local court?

Well, the reason for that is, in my humble opinion, is that UBS, when it has faced the very strong and powerful opposition that the -- my clients filed with respect to the allowance of the counterclaim to go forward, and the fact that the Court, in a hearing that was held in November of last year, when UBS indicated that it was intending to file a counterclaim with respect to these issues, the Court unequivocally, and in no uncertain terms, told UBS that those issues were not before her. And that is part of the record, and I put those transcripts into my opposition.

When the -- now, UBS, realizing that the Court has advanced that it is -- they're highly unlikely -- I'm sorry -- that it will allow this --

THE COURT: That is the two minute warning.

MR. VICENTE: Yeah. I'm sorry.

Now, UBS is coming back before you because they want

to get accomplished what they couldn't accomplish during the December hearing, and that was to get the PROMESA Court to enter an order that would tend to influence or tell the Court in the Commonwealth of Puerto Rico to accept the counterclaims.

And again, Your Honor, for reasons of comity that you very well identified during our last hearing, you should not send that message. You should not accept UBS' invitation to accept that message and issue an order. I respectfully submit that Your Honor should simply continue to wait and see, because if the trial Court, the Commonwealth Court, denies, denies the filing of the counterclaims, there is no issue that affects the PROMESA litigation.

Again, with that, I conclude my remarks and thank you for the opportunity. I hope that everyone is well and keeps protected and away from this horrible disease that is attacking us.

Thank you, Your Honor.

THE COURT: Thank you, Mr. Vicente, for your remarks, and also for the good wishes for all.

And now counsel for the Special Claims Committee.

MS. MULLARNEY: Good morning, Your Honor. This is Chelsea Mullarney from Brown Rudnick on behalf of the Special Claims Committee. Can you hear me?

THE COURT: Yes. Good morning, Ms. Mullarney.

MS. MULLARNEY: Your Honor, just one piece of housekeeping. My motion for pro hac vice admission remains pending, so I just ask the Court's permission to speak on behalf of the Special Claims Committee today.

THE COURT: You have my permission. Please proceed.

MS. MULLARNEY: Thank you, Your Honor.

Also on the line today is my colleague, Sunni Beville. As Your Honor may recall, Sunni presented at the December 2019 Omnibus Hearing on behalf of the Special Claims Committee on the first UBS Motion to Lift the Stay. She's on a line today, and she can also jump in to answer any questions the Court may have.

Your Honor, this may --

THE COURT: Good morning, Ms. Beville.

MS. BEVILLE: Good morning, Your Honor.

MS. MULLARNEY: Your Honor, this request by --

THE COURT: You can --

MS. MULLARNEY: My apologies.

THE COURT: Go on, please.

MS. MULLARNEY: This request by UBS Financial to lift the stay is a pretty -- it's premature and an attempt to circumvent the jurisdiction of the Commonwealth Court to determine whether the delayed counterclaims filed by UBS Financial are procedurally proper.

As Your Honor knows well, this is not UBS Financial's first application for relief from stay. At the December 2019 Omnibus Hearing, there was substantial discussion about UBS Financial's initial request, and Your Honor helped the parties draft a joint proposed order permitting UBS Financial to present its proposed counterclaims to the Commonwealth Court.

The Lift Stay Order provided, in paragraph two, that, "The Commonwealth Court shall have the sole discretion as to any procedural requirements for presenting the counterclaim and as to any litigation of the counterclaims in that court."

The Special Claims Committee and counsel for ERS and the beneficiary plaintiffs in the ERS action understood the on-the-record discussions and the Court's Lift Stay Order to achieve the following. First, to permit UBS Financial to present their counterclaims to the Commonwealth Court. And second, to permit the Commonwealth Court to implement, in its own discretion, the procedural process regarding the presentation of their counterclaims and its own determination as to whether to accept the proposed counterclaims.

And as a result of the Lift Stay Order, UBS Financial presented its counterclaims to the Court on February 4th of 2020, and the plaintiffs in the ERS action filed a motion to disallow the counterclaims in early March, which, as Your Honor has heard, that motion to disallow has not yet been decided by the Commonwealth Court.

Your Honor hit on this point in some of your questions to counsel, Mr. Lockwood, but if we're here today because UBS Financial is concerned that filing an opposition to the pending Motion to Disallow in the ERS action would violate the automatic stay, or that the Lift Stay Order was drafted too narrowly to let that procedural process in the Commonwealth court play out, then we think we can address that, Your Honor.

The Special Claims Committee and ERS are prepared to stipulate or submit an agreed upon proposed order, that the intent of the parties is that the Lift Stay Order permit the procedural process regarding the presentation of the proposed counterclaim to play out in the Commonwealth court, but only to permit a decision or any appeal of a decision regarding the procedural propriety of those counterclaims, not to permit any discovery or adjudication of the merits.

If, however, as we understand it, UBS is looking for complete relief from stay, regardless of any future ruling of the Commonwealth Court, that is an improper attempt to circumvent the jurisdiction of the Commonwealth Court to decide whether to accept the proposed counterclaims, and to allow UBS to serve discovery and move forward on the merits of its proposed counterclaims without waiting for direction from the Commonwealth Court.

In short, UBS is looking for an end run around the

procedural process in the Commonwealth court regarding the presentation of the proposed counterclaims, a process which this Court already deferred to during the December Omnibus Hearing. UBS Financial has provided no explanation for why it needs such drastic relief during a nearly complete shutdown of the Commonwealth court due to coronavirus, and cannot wait for direction from the Commonwealth Court.

It's certainly correct that the parties anticipated that UBS Financial might make a second application for relief from stay. However, it was fully our view at the time of the December Omnibus Hearing that such application would occur after the Commonwealth Court ruled on the procedural propriety of the proposed counterclaims. Yet, UBS has created this piecemeal litigation now before this Court by prematurely bringing this second Lift Stay Motion.

In our view, it's not as simple as asking whether -- the Commonwealth Court to decide either that the counterclaims are proper or are not proper. Instead, the Commonwealth Court will decide whether to permit any or all of the counterclaims and what issues will be before the Commonwealth Court, if the counterclaims are able to proceed. As a result, we can't adequately examine the harm or prejudice to the debtor's estate until we understand what, if anything, UBS Financial will be permitted to prosecute in the Commonwealth Court.

UBS tries to --

THE COURT: Let me ask you --

MS. MULLARNEY: Yes.

THE COURT: Ms. Mullarney, I have a question for you. I hear you loud and clear on the proposition that UBS Financial shouldn't be able to take discovery in aid of claims that have not yet been ruled inside the case. Do you have any issue with the proposition that UBS Financial is not constrained from defending against the claims that have been asserted against it? So that if UBS could state in good faith a position that certain questions at a deposition or certain discovery is simply a matter of being able to defend itself against ERS' claims, is there any argument that that would be a violation of the automatic stay?

MS. MULLARNEY: Your Honor, in our view, to answer your question, we don't take issue with the proposition that UBS is able to defend itself in the ERS action pending before the Commonwealth Court. And if there are disputes during the course of discovery or other depositions about what is proper within the scope of discovery in the ERS action as it currently exists, those disputes would be brought to the Commonwealth Court about what the scope of the issues are that are within the ERS options currently.

THE COURT: Thank you. You may continue with your argument.

MS. MULLARNEY: Thank you, Your Honor.

UBS tries to muddy the waters by suggesting that waiting for the Commonwealth Court to decide the motion to disallow counterclaims would require this Court to oversee discovery disputes in the ERS action. As I just explained, that is not the case.

What we understood the on-the-record discussion in the Lift Stay Order to provide is that the Commonwealth Court is permitted to exhaust its procedural process regarding the submission of the proposed counterclaims. There is no discovery involved in that procedural process, and UBS does not claim it would be entitled to any discovery during that motion process.

Once that procedural process is exhausted and a final decision is rendered regarding whether the Commonwealth Court will accept the counterclaim, then the parties can adequately assess what, if any, claims will proceed in the ERS action, and what, if any, impact the prosecution of such claims will have on the bankruptcy case.

In our papers, we go through the factors from *Sonnax Industries* that UBS relies on in its Second Motion to Lift Stay. And unless Your Honor has any questions about the Special Claims Committee's analysis, we'll rely on the analysis we put forth in our papers.

THE COURT: I have no questions about that.

MS. MULLARNEY: Thank you, Your Honor.

Your Honor, just to conclude, we're in nearly the same place that we were in in December, except now UBS Financial has presented its proposed counterclaims to the Commonwealth Court for consideration. UBS Financial has not provided an explanation for why it refuses to wait for the Commonwealth Court to determine whether to accept the proposed counterclaims before UBS Financial seeks relief from the automatic stay.

At this stage, and under these circumstances, it is premature for UBS Financial to seek relief from stay. Thank you, Your Honor.

THE COURT: Thank you.

And now we'll return to Mr. Lockwood.

MR. LOCKWOOD: Thank you, Your Honor.

Your Honor, the fundamental premise of the compromise that was reached in December is just false, that we agreed that we would not pursue a lifting of the stay until the Commonwealth Court ruled on a -- on whether that claim was properly presented to that court or not.

The reason why we accepted a partial resolution -- and Your Honor didn't adjudicate this issue. This was something we had, you know, agreed to with the Oversight Board going into the hearing. The reason why we did that is because they said they needed some more time to negotiate and to analyze and figure out what their position was going to be as

to whether they were going to seek a stay in the entire case or whether they were going to allow the case to go forward. Because we never would have accepted the incremental approach that we did in that hearing.

The reason why we wanted just the right to file and then for the stay to go back in place is due to there was an argument being made by Mr. Vicente that our claims were untimely. So we needed to protect ourselves to get them on file as soon as possible while the parties continued to negotiate as to whether there would be a stay in the entire case or whether the case would go forward.

So the premise that that Order contemplates that a ruling will result from the Court before the stay is lifted is just incorrect. That wasn't the reason why the stay was put in place. I mean, the reason why that Order was put in place was just to maintain a status quo through negotiations. The negotiations ended in February. The ERS made its choice, it's going to continue to prosecute the case.

We have case after case after case which say what the consequences of that are, which is we get to prosecute our side of the case. The suggestion that we are trying to end run the procedures in the Commonwealth court, we're trying to influence the Commonwealth, they're the ones who insist on entangling this Court up with the Commonwealth Court. We want this to be unshackled, and for the Commonwealth Court to have

the complete power to do as it wishes with respect to these claims.

We are not asking Your Honor to weigh in on the motion. We think Your Honor can put appropriate language in any order lifting stay making it clear that the decisions are for the Commonwealth Court. The decisions with respect to discovery, the timing of discovery, when we can take that discovery, all of those issues are for Judge De Leon and not for the Federal Court.

And again, there is no explanation as to what the harm to the debtor is from lifting the stay. The suggestion that they can't see that far ahead into the future, they can't imagine what our claim will be, well, that's clear. They have the claim.

They can explain to Your Honor what the problems are. They just don't have an answer. They can't answer the question, so they're punting. They're punting and punting. And the problem is we're now a year pushed down the line from them. A year. And we think that's really unfair.

At this point, you know, justice delayed is justice denied. And we're being prejudiced every minute, because really, we need to be ready to go when the Court opens back up, and it will in a month or two or more before we get back to Your Honor and get a Lift Stay Order.

What is the reason to put us two months behind their

case? There isn't. And this issue is ripe, and we ask you for a decision.

Thank you, Your Honor.

THE COURT: Thank you.

I read the submissions very carefully. I've listened very carefully today. Under the Order that was put in place, UBS Financial was permitted to present its counterclaims to the Commonwealth Court for the Commonwealth Court's exercise of its discretion in making a decision as to the treatment, viability, and litigation of the counterclaims.

The counterclaims have been challenged. UBS Financial has responded to that challenge. But a decision hasn't been made yet, and so it does not seem to me that even UBS Financial contends that the counterclaims are an active part of that Commonwealth court litigation at this point. And so it is premature for this Court to issue an order that gives UBS Financial wide-open permission, to engage in litigation of counterclaims that are not yet in the Commonwealth case.

To the extent that there is any lack of clarity about the effect of the current Order, it does not preclude UBS Financial from opposing the Motion to Strike UBS' counterclaims, or from appealing any such order striking the counterclaims if an appeal is permitted under Commonwealth law and procedures, nor does it hinder UBS Financial from defending the claims that are being prosecuted against UBS

Financial in the Commonwealth litigation.

If there is any dispute as to whether discovery that UBS wishes to pursue is within the scope of the litigation that is being prosecuted against it in the Commonwealth court, those issues should be presented to the Commonwealth Court. And the Order that was issued in December is not an impediment to that sort of litigation in the Commonwealth court.

Accordingly, the UBS Lift Stay Motion is denied in all other respects, without prejudice to renewal if UBS Financial's counterclaims survive the pending motion practice in the Commonwealth court. And the Court will enter a short order memorializing this oral ruling. Thank you.

The final item on the Agenda today is the preliminary hearing on the Lift Stay Motion of Mr. Santana Baez, which is docket entry No. 12516 in case No. 17-3283. And let's see, AAFAF intends to speak to the motion.

Is Mr. Marini Biaggi here?

MR. MARINI BIAGGI: Yes. Good morning, Your Honor.

THE COURT: Thank you.

Before you begin speaking, I will ask, is there anyone on the phone line who intends to speak for Mr. Santana Baez?

(No response.)

THE COURT: Mr. Santana Baez is proceeding pro se, and it's my understanding that he is in custody. And so it

doesn't surprise me that there's no one to speak, but I wanted to make sure of that before we proceeded.

So at this point, I will ask Mr. Marini Biaggi to speak for AAFAF.

MR. MARINI BIAGGI: Good morning, Your Honor. Luis Marini Biaggi of Marini Pietrantoni Muniz for AAFAF.

Can you hear me, Your Honor?

THE COURT: Yes. Yes. Good morning.

MR. MARINI BIAGGI: Perfect. Good morning. Your Honor, thank you for allowing us to present the presentation. I will try to be brief and hopefully keep it below the scheduled time.

In response to the Lift of Stay filed by movant, the Commonwealth had presented through the Department of Justice an urgent motion to extend the deadlines to respond to the motion and to hold this preliminary hearing to set forth a briefing schedule.

We put forth in the urgent motion the reasons why the Commonwealth requested an adjournment and extensions, and I would like to add only three additional points to support the relief in our urgent motion.

First, one of the bases that the Commonwealth asserted for the adjournment was due to the emergency order that was in place at the time of the filing of the motion, which limited the ability of the DOJ from accessing the

physical files of the litigation from which the stay relief is requested. I note that since the DOJ filed the motion, the emergency order has now been extended through May 3rd.

Second, Your Honor, I think there's no prejudice to the extension of the deadlines that we requested. The movant filed a tort claim in the local courts. The local courts in Puerto Rico are closed until at least May 3rd, and adjournments are extended beyond that.

Third, and finally, Your Honor, one of the arguments that the Commonwealth made in the urgent motion to support a filing to extend the deadlines was based on the allegation that the Commonwealth had a reasonable likelihood of prevailing in its objections. To support that argument, the Commonwealth asserted that this Court had ruled on similar requests to lift the stay made by the same movant, actually, various litigations against the Commonwealth, and that the Court had previously denied such request.

And I would only add the fact that this Court has already denied a request by the same movant to lift the stay in the same case, detailing the motion pending before Your Honor. That was in this Court's Memorandum Order under docket 7696. I would submit that -- the same reasons that led the Court to deny the motion to lift the stay in this case over a year ago. I would move the Court to deny the stay now when the Commonwealth submits its objection.

With that said, Your Honor, the Commonwealth has made progress in light of the existing emergency conditions to compile and obtain the physical files of the underlying litigation and to be in a position to respond. Thus, we request an extension of two weeks, a few days beyond the potential expiration of the existing emergency order, until May 6, 2020, to submit a response.

Unless Your Honor has any questions, I don't have anything further, other than what the DOJ put in its motion.

THE COURT: All right. So thank you. You've provided additional information here and proposed a time frame. And so am I correct in understanding that it's the DOJ's position that the Commonwealth is a defendant, and a defendant as to which issue has been joined in this particular case that Mr. Santana Baez has cited? I think it's DDT2016-0591?

MR. MARINI BIAGGI: Yes, Your Honor. Obviously, one of the reasons for the extension is to be able to examine the physical files and to confirm what is involved. But the DOJ understands that the Commonwealth is a party and that summons was received. I don't know if properly served or not, but the Commonwealth is named in the litigation.

THE COURT: And you believe that two weeks extension of time to file your responsive papers will be sufficient, to May 6?

MR. MARINI BIAGGI: Yes, Your Honor.

THE COURT: All right.

Okay. So I will grant the extension to May 6 to respond, and I will provide -- given Mr. Santana Baez' incarceration, I will give him three weeks from that, which would be May 27th, to reply. And I will set a final hearing, if necessary, for the June Omni, which I believe is June 3rd, but we'll get the precise date and we'll put that in an order.

And I find that the circumstances of the emergency measures and the inaccessibility of public documents create, along with the apparent likelihood that the Commonwealth will prevail against this Motion to Lift Stay, the necessary compelling circumstances for extension of the time for the final hearing until June 3rd, and for the final resolution of the Lift Stay Motion through June 10th, which will give the Court time after the final hearing to render its decision.

And so the automatic stay of the litigation is extended in light of these compelling circumstances through June 10th, with the final hearing set for the June 3rd Omni, if the Court has not resolved the matter on the papers.

Are there any questions about that?

MR. MARINI BIAGGI: Not from me, Your Honor. Thank you.

THE COURT: Very well. And the Court will issue a short written order setting out the schedule and describing

today's proceeding, which the Court will mail to Mr. Santana Baez.

Does anyone wish to be heard as to any other matter before we conclude this Omni?

(No response.)

THE COURT: All right. Then our day's Agenda has been concluded. The next scheduled hearing date is the hearing in connection with the revenue bond Lift Stay Motions, which is scheduled for May 13th. I expect that that hearing will occur telephonically as well, but the Court will issue a procedures order providing appropriate logistical details closer to the date of that hearing.

As always, I would like to thank the Court staff in Puerto Rico, Boston, and New York for their work in preparing for and in conducting today's hearing, and for their superb ongoing support of the administration of these very complex cases under very challenging circumstances.

And I thank everyone who continues to work in these challenging circumstances toward a resolution of these proceedings for Puerto Rico and its instrumentalities. Stay safe and keep well, everyone. We are adjourned.

(At 11:37 AM, proceedings concluded.)

* * *

U.S. DISTRICT COURT)

DISTRICT OF PUERTO RICO)

I certify that this transcript consisting of 76 pages is a true and accurate transcription to the best of my ability of the proceedings in this case before the Honorable United States District Court Judge Laura Taylor Swain, and the Honorable United States Magistrate Judge Judith Gail Dein on April 22, 2020.

S/ Amy Walker

Amy Walker, CSR 3799

Official Court Reporter

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